

COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Finance, to which was referred Senate Bill No. 79, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 1, delete lines 1 through 6, begin a new paragraph and insert:
- 2 "SECTION 1. IC 6-1.1-12-40 IS ADDED TO THE INDIANA
- 3 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 4 [EFFECTIVE JANUARY 1, 2002]: Sec. 40. (a) As used in this
- 5 section, "assessed value of inventory" means the assessed value
- 6 determined after the application of any deductions or adjustments
- 7 that apply by statute or rule to the assessment of inventory, other
- 8 than the deduction established in subsection (e).
- 9 (b) As used in this section, "county income tax council" means
- 10 a council established by IC 6-3.5-6-2.
- 11 (c) As used in this section, "fiscal body" has the meaning set
- 12 forth in IC 36-1-2-6."
- 13 Page 1, line 7, delete "Sec. 2." and insert "(d)".
- 14 Page 1, line 7, delete "chapter," and insert "section,".
- 15 Page 1, between lines 8 and 9, begin a new paragraph and insert:
- 16 "(e) Except as provided in subsection (j), a deduction applies to
- 17 the assessed value of inventory. If the county fiscal body or county
- 18 income tax council does not take action under subsection (f), the
- 19 deduction is equal to a percentage of the assessed value of
- 20 inventory for the appropriate year of assessment as follows:

	YEAR OF ASSESSMENT	PERCENTAGE
1		
2	2002	10%
3	2003	20%
4	2004	30%
5	2005	40%
6	2006	50%
7	2007	60%
8	2008	70%
9	2009	80%
10	2010	90%
11	2011 and thereafter	100%

12 (f) An ordinance may be adopted before January 1, 2002, to
13 provide that:

14 (1) the percentage of the deduction established in subsection
15 (e) is one hundred percent (100%) for the 2002 year of
16 assessment and thereafter;

17 (2) the percentage of the deduction established in subsection
18 (e) reaches one hundred percent (100%) within a period
19 between two (2) years and nine (9) years under the
20 appropriate schedule in subsection (i); or

21 (3) the deduction established in subsection (e) does not apply
22 for any year of assessment.

23 (g) The entity that may adopt the ordinance under subsection (f)
24 is:

25 (1) the county income tax council if the county option income
26 tax is in effect on January 1, 2001;

27 (2) the county fiscal body if the county adjusted gross income
28 tax is in effect on January 1, 2001; or

29 (3) the county income tax council or the county fiscal body,
30 whichever acts first, for a county not covered by subdivision
31 (1) or (2).

32 To adopt an ordinance under subsection (f), a county income tax
33 council shall use the procedures set forth in IC 6-3.5-6 concerning
34 the imposition of the county option income tax. The entity that
35 adopts the ordinance shall provide a certified copy of the ordinance
36 to the state board of tax commissioners before February 1, 2002.

37 (h) If an ordinance is adopted under subsection (f)(1), the
38 deduction established in subsection (e) applies in the amount of one
39 hundred percent (100%) for the 2002 assessment year and
40 thereafter.

41 (i) If an ordinance is adopted under subsection (f)(2), the
42 percentage to be used to determine the amount of the deduction

established in subsection (e) is the percentage derived from the following table that corresponds to the period of years established in the ordinance over which the deduction reaches one hundred percent (100%):

(1) Period of nine (9) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	11%
2003	22%
2004	33%
2005	44%
2006	55%
2007	66%
2008	77%
2009	88%
2010 and thereafter	100%

(2) Period of eight (8) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	13%
2003	25%
2004	38%
2005	50%
2006	63%
2007	75%
2008	88%
2009 and thereafter	100%

(3) Period of seven (7) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	14%
2003	28%
2004	43%
2005	57%
2006	71%
2007	85%
2008 and thereafter	100%

(4) Period of six (6) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	17%
2003	33%
2004	50%
2005	67%
2006	83%
2007 and thereafter	100%

(5) Period of five (5) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	20%
2003	40%
2004	60%
2005	80%
2006 and thereafter	100%

(6) Period of four (4) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	25%
2003	50%
2004	75%
2005 and thereafter	100%

(7) Period of three (3) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	33%
2003	67%
2004 and thereafter	100%

(8) Period of two (2) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	50%
2003 and thereafter	100%

(j) If an ordinance is adopted under subsection (f)(3), the deduction established in subsection (e) does not apply for any assessment year.

(k) A taxpayer is not required to file an application to qualify for the deduction established in subsection (e).

(l) The state board of tax commissioners shall incorporate the deduction established in this section in the personal property return form to be used each year for filing under IC 6-1.1-3-7 or IC 6-1.1-3-7.5 to permit the taxpayer to enter the deduction on the form. If a taxpayer fails to enter the deduction on the form, the township assessor shall:

(1) determine the amount of the deduction; and

(2) within the period established in IC 6-1.1-16-1, issue a notice of assessment to the taxpayer that reflects the application of the deduction to the inventory assessment.

(m) The deduction established in this section must be applied to any inventory assessment made by:

(1) an assessing official;

(2) a county property tax board of appeals; or

(3) the state board of tax commissioners.

SECTION 2. IC 6-3.5-7-12, AS AMENDED BY P.L.14-2000, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. (a) Except as provided in ~~section~~ **sections 23 and 24** of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and ~~section~~ **sections 15 and 24** of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) For a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) **Except as provided in section 24 of this chapter**, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of

1 the county that is not located in a city or town. The
 2 denominator of the fraction equals the sum of the population
 3 of all cities and towns located in the county and the population
 4 of the part of the county that is not located in a city or town.

5 (3) The ordinance may be made irrevocable for the duration of
 6 specified lease rental or debt service payments.

7 (d) The body imposing the tax may not adopt an ordinance under
 8 subsection (c) if, before the adoption of the proposed ordinance, any of
 9 the following have pledged the county economic development income
 10 tax for any purpose permitted by IC 5-1-14 or any other statute:

11 (1) The county.

12 (2) A city or town in the county.

13 (3) A commission, a board, a department, or an authority that is
 14 authorized by statute to pledge the county economic development
 15 income tax.

16 (e) The state board of tax commissioners shall provide each county
 17 auditor with the fractional amount of the certified distribution that the
 18 county and each city or town in the county is entitled to receive under
 19 this section.

20 (f) Money received by a county, city, or town under this section
 21 shall be deposited in the unit's economic development income tax fund.

22 (g) Except as provided in subsection (b)(2)(B), in determining the
 23 fractional amount of the certified distribution the county and its cities
 24 and towns are entitled to receive under subsection (b) during a calendar
 25 year, the state board of tax commissioners shall consider only property
 26 taxes imposed on tangible property subject to assessment in that
 27 county.

28 (h) In a county having a consolidated city, only the consolidated city
 29 is entitled to the certified distribution, subject to the requirements of
 30 ~~section~~ **sections 15 and 24** of this chapter.

31 SECTION 3. IC 6-3.5-7-13.1, AS AMENDED BY P.L.124-1999,
 32 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 2001]: Sec. 13.1. (a) The fiscal officer of each county, city, or
 34 town for a county in which the county economic development tax is
 35 imposed shall establish an economic development income tax fund.
 36 Except as provided in ~~section~~ **sections 23 and 24** of this chapter, the
 37 revenue received by a county, city, or town under this chapter shall be
 38 deposited in the unit's economic development income tax fund.

39 (b) Except as provided in sections 15, ~~and~~ 23, ~~and~~ **24** of this
 40 chapter, revenues from the county economic development income tax
 41 may be used as follows:

42 (1) By a county, city, or town for economic development projects,

for paying, notwithstanding any other law, under a written agreement all or a part of the interest owed by a private developer or user on a loan extended by a financial institution or other lender to the developer or user if the proceeds of the loan are or are to be used to finance an economic development project, for the retirement of bonds under section 14 of this chapter for economic development projects, for leases under section 21 of this chapter, or for leases or bonds entered into or issued prior to the date the economic development income tax was imposed if the purpose of the lease or bonds would have qualified as a purpose under this chapter at the time the lease was entered into or the bonds were issued.

(2) By a county, city, or town for:

(A) the construction or acquisition of, or remedial action with respect to, a capital project for which the unit is empowered to issue general obligation bonds or establish a fund under any statute listed in IC 6-1.1-18.5-9.8;

(B) the retirement of bonds issued under any provision of Indiana law for a capital project;

(C) the payment of lease rentals under any statute for a capital project;

(D) contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects;

(E) operating expenses of a governmental entity that plans or implements economic development projects;

(F) to the extent not otherwise allowed under this chapter, funding substance removal or remedial action in a designated unit; or

(G) funding of a revolving fund established under IC 5-1-14-14.

(c) As used in this section, an economic development project is any project that:

(1) the county, city, or town determines will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the unit; or

(C) retain or expand a significant business enterprise within the unit; and

(2) involves an expenditure for:

(A) the acquisition of land;

(B) interests in land;

- 1 (C) site improvements;
- 2 (D) infrastructure improvements;
- 3 (E) buildings;
- 4 (F) structures;
- 5 (G) rehabilitation, renovation, and enlargement of buildings
- 6 and structures;
- 7 (H) machinery;
- 8 (I) equipment;
- 9 (J) furnishings;
- 10 (K) facilities;
- 11 (L) administrative expenses associated with such a project,
- 12 including contract payments authorized under subsection
- 13 (b)(2)(D);
- 14 (M) operating expenses authorized under subsection (b)(2)(E);
- 15 or
- 16 (N) to the extent not otherwise allowed under this chapter,
- 17 substance removal or remedial action in a designated unit;
- 18 or any combination of these.

19 SECTION 4. IC 6-3.5-7-15 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 15. (a) The executive
 21 of a county, city, or town may, **subject to the use of the certified**
 22 **distribution permitted under section 24 of this chapter:**

- 23 (1) adopt a capital improvement plan specifying the uses of the
- 24 revenues to be received under this chapter; or
- 25 (2) designate the county or a city or town in the county as the
- 26 recipient of all or a part of its share of the distribution.

27 (b) If a designation is made under subsection (a)(2), the county
 28 treasurer shall transfer the share or part of the share to the designated
 29 unit unless that unit does not have a capital improvement plan.

30 (c) A county, city, or town that fails to adopt a capital improvement
 31 plan may not receive:

- 32 (1) its fractional amount of the certified distribution; or
- 33 (2) any amount designated under subsection (c)(2);
- 34 for the year or years in which the unit does not have a plan. The county
- 35 treasurer shall retain the certified distribution and any designated
- 36 distribution for such a unit in a separate account until the unit adopts
- 37 a plan. Interest on the separate account becomes part of the account. If
- 38 a unit fails to adopt a plan for a period of three (3) years, then the
- 39 balance in the separate account shall be distributed to the other units in
- 40 the county based on property taxes first due and payable to the units
- 41 during the calendar year in which the three (3) year period expires.
- 42 (d) A capital improvement plan must include the following

1 components:

2 (1) Identification and general description of each project that
3 would be funded by the county economic development income
4 tax.

5 (2) The estimated total cost of the project.

6 (3) Identification of all sources of funds expected to be used for
7 each project.

8 (4) The planning, development, and construction schedule of each
9 project.

10 (e) A capital improvement plan:

11 (1) must encompass a period of no less than two (2) years; and

12 (2) must incorporate projects the cost of which is at least
13 seventy-five percent (75%) of the fractional amount certified
14 distribution expected to be received by the county, city, or town
15 in that period of time.

16 (f) In making a designation under subsection (a)(2), the executive
17 must specify the purpose and duration of the designation. If the
18 designation is made to provide for the payment of lease rentals or bond
19 payments, the executive may specify that the designation and its
20 duration are irrevocable.

21 SECTION 5. IC 6-3.5-7-24 IS ADDED TO THE INDIANA CODE
22 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
23 1, 2001]: **Sec. 24. (a) For purposes of this section, "imposing entity"**
24 **means the entity that adopted the county economic development**
25 **income tax under section 5 of this chapter.**

26 **(b) Except as provided in subsection (d), the imposing entity**
27 **may adopt an ordinance to provide for the use of all or a part of**
28 **the certified distribution for the purpose provided in subsection (e).**
29 **A county income tax council that adopts an ordinance under this**
30 **subsection shall use the procedures set forth in IC 6-3.5-6**
31 **concerning the adoption of an ordinance for the imposition of the**
32 **county option income tax. An ordinance may be adopted under this**
33 **subsection after January 1 but before April 1 of a calendar year.**
34 **An ordinance adopted under this subsection:**

35 **(1) first applies to the certified distribution made in the**
36 **calendar year that immediately succeeds the calendar year in**
37 **which the ordinance is adopted;**

38 **(2) must specify the calendar years to which the ordinance**
39 **applies; and**

40 **(3) must specify the percentage of the certified distribution to**
41 **be used for the purpose provided in subsection (e).**

42 **(c) If an ordinance is adopted under subsection (b), the**

percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection (g); and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(d) The imposing entity may not provide in an ordinance adopted under subsection (b) for the use of the certified distribution under this section:

- (1) to the extent that the certified distribution is pledged as described in section 12(d) of this chapter; or
- (2) if an ordinance was adopted before January 1, 2002, under IC 6-1.1-12-40(f)(3).

(e) The imposing entity may, in the ordinance adopted under subsection (b), determine to use all or a part of the certified distribution to increase the percentage credit allowed for homesteads in the county under IC 6-1.1-20.9-2 for a year. If an ordinance is adopted under subsection (b), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

- (1) the amount of the certified distribution that will be dedicated to an increased homestead credit percentage for the year;
- (2) the amount of uniformly applied homestead credits for the year for all homesteads in the county that equals the amount determined under subdivision (1); and
- (3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(f) The increased percentage of homestead credit determined by the county auditor under subsection (e) applies uniformly for all homesteads in the county in the calendar year for which the increased percentage is determined.

(g) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

- (1) as if the money were from property tax collections; and
- (2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit.

1 SECTION 6. [EFFECTIVE JANUARY 1, 2002] **(a) IC 6-1.1-12-40,**
 2 **as added by this act, applies to inventory assessments after**
 3 **December 31, 2001.**

4 **(b) This SECTION expires January 1, 2004."**

5 Page 1, delete lines 9 through 17.

6 Delete pages 2 through 3.

(Reference is to SB 79 as introduced.)

and when so amended that said bill do pass .

Committee Vote: Yeas 15, Nays 0.

Senator Borst, Chairperson